

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Baldwin Analyst: Roger Lackey Bill Number: AB 229

Related Bills: See Prior Analysis Telephone: 845-3627 Amended Date: 03-25-99

Attorney: Doug Bramhall Sponsor:

SUBJECT: Limited Liability Companies/Professional Services

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

☒ DEPARTMENT POSITION CHANGED TO Neutral.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED January 28, 1999, STILL APPLIES.

☒ OTHER - See comments below.

SUMMARY OF BILL

This bill would amend the Beverly-Killea Limited Liability Company Act to provide that a limited liability company (LLC) cannot render certain professional services and that an LLC may engage in any other lawful activity, even if that activity requires licensing, registration, or certification pursuant to the Business and Professions Code.

Also, this bill would provide that nothing in the Beverly-Killea Limited Liability Company Act would be construed to prohibit a business entity that could form as a corporation from instead forming as an LLC, if the entity meets all the requirements of this act.

SUMMARY OF AMENDMENT

The March 25, 1999, amendments provided that nothing in the Beverly-Killea Limited Liability Company Act would be construed to prohibit a business entity that could form as a corporation from instead forming as an LLC, if the entity meets all the requirements of the act.

The amendment also alphabetized the types of professional services limited by this bill.

Except for the discussion above and the new position, the department's analysis of AB 229 as introduced January 28, 1999, still applies.

IMPLEMENTATION

The amendment which added section 17006 to the Corporations Code creates a potential ambiguity within the Act. That section could be construed to override the limitation on the formation of professional service LLCs as is set forth in section 17002(b) of the Corporations Code.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input checked="" type="checkbox"/> N	<input type="checkbox"/> OUA	<input type="checkbox"/> PENDING

Department/Legislative Director Date

Johnnie Lou Rosas **4/9/1999**

BOARD POSITION

Neutral.

At its March 23, 1999, meeting, the Franchise Tax Board voted 2-0 to take a position of neutral on this bill as introduced January 28, 1999.